

# First Half of Fiscal 2024 Supplementary Material

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POLA ORBIS HOLDINGS INC.  
Representative Director and President  
Yoshikazu Yokote

- This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties.
- POLA ORBIS HOLDINGS INC. has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from fiscal 2022. The results for fiscal 2021 in this presentation have been calculated using the same accounting standards as those in fiscal 2022, and are shown as reference information (unaudited) for the purpose of comparison.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Initiatives Going Forward
4. Forecasts for Fiscal 2024
5. Appendices

## Cosmetics Market

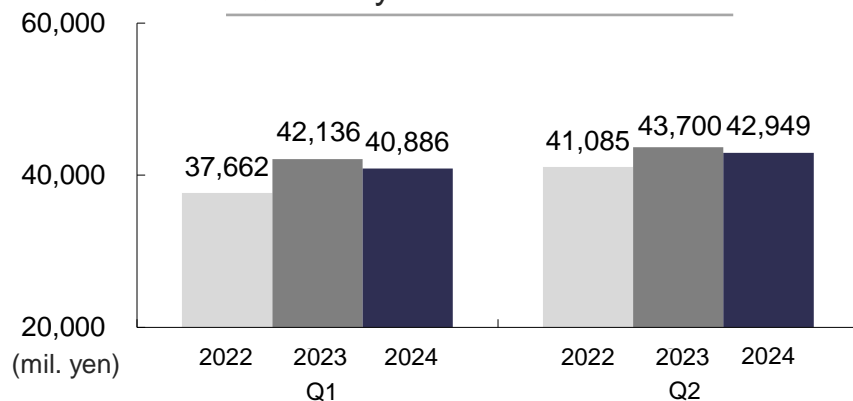
- The scale of the Japanese cosmetics market as a whole continued to show steady growth.
- A difficult business environment persisted for the cosmetics market in mainland China amid uncertain economic conditions.

Source: Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Japan Tourism Agency, Japan Department Stores Association, Intage SLI, and National Bureau of Statistics of China

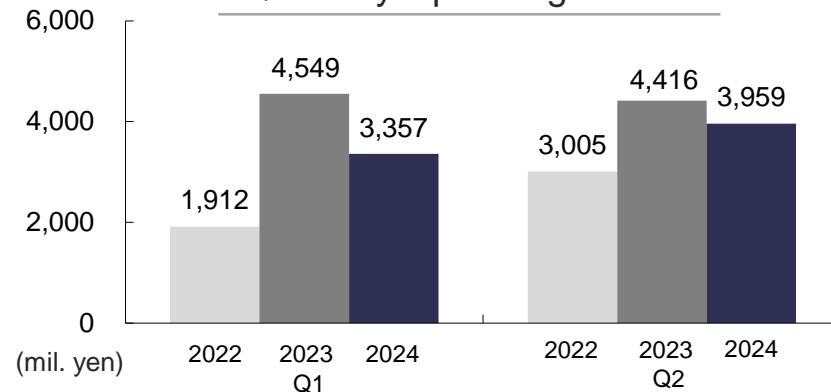
## Our Group

- Consolidated net sales decreased (up 1% YoY in Japan, down 16% YoY in overseas) as did consolidated operating income, impacted by POLA's performance.
- Despite a persistently strong performance in department stores, POLA's revenue from consignment sales channel declined in Japan. Overseas, revenue in mainland China fell due to a continued deterioration in business sentiment.
- ORBIS continued to record double-digit growth in revenue and income, with growth in external channels, in addition to the direct selling channel.
- Jurlique saw increased revenues, with growth in Australia and duty free channel.
- Losses from brands under development were ameliorated.

Quarterly Consolidated Sales



Quarterly Operating Income



## Consolidated P&L Changes Analysis

### Net Sales to Operating Income

| (mil. yen)             | FY2023     | FY2024     | YoY Change |         |
|------------------------|------------|------------|------------|---------|
|                        | H1 Results | H1 Results | Amount     | %       |
| Consolidated net sales | 85,836     | 83,836     | (2,000)    | (2.3%)  |
| Cost of sales          | 15,177     | 15,057     | (119)      | (0.8%)  |
| Gross profit           | 70,659     | 68,778     | (1,880)    | (2.7%)  |
| SG&A expenses          | 61,692     | 61,461     | (230)      | (0.4%)  |
| Operating income       | 8,966      | 7,316      | (1,649)    | (18.4%) |

#### Key Factors

- Consol. net sales** Revenue decreased, mainly due to lower revenue at POLA, despite an increase in revenue at ORBIS.  
 Excluding the impact of the liquidation of the H2O PLUS, Amplitude, and ITRIM brand businesses in FY2023, net sales were in line with the previous year.
- Cost of sales** Cost of sales ratio 2023H1: 17.7% ⇒ 2024H1: 18.0%
- SG&A expenses** Labor expenses: up ¥140 mil. YoY  
 Sales commissions: down ¥1,038 mil. YoY  
 Sales related expenses: down ¥286 mil. YoY  
 Administrative expenses, etc.: up ¥954 mil. YoY
- Operating income** Operating margin 2023H1: 10.4% ⇒ 2024H1: 8.7%  
 Improved from 8.2% in Jan.-Mar. to 9.2% in Apr.-Jun.

# Consolidated P&L Changes Analysis

## Operating Income to Interim Profit Attributable to Owners of Parent

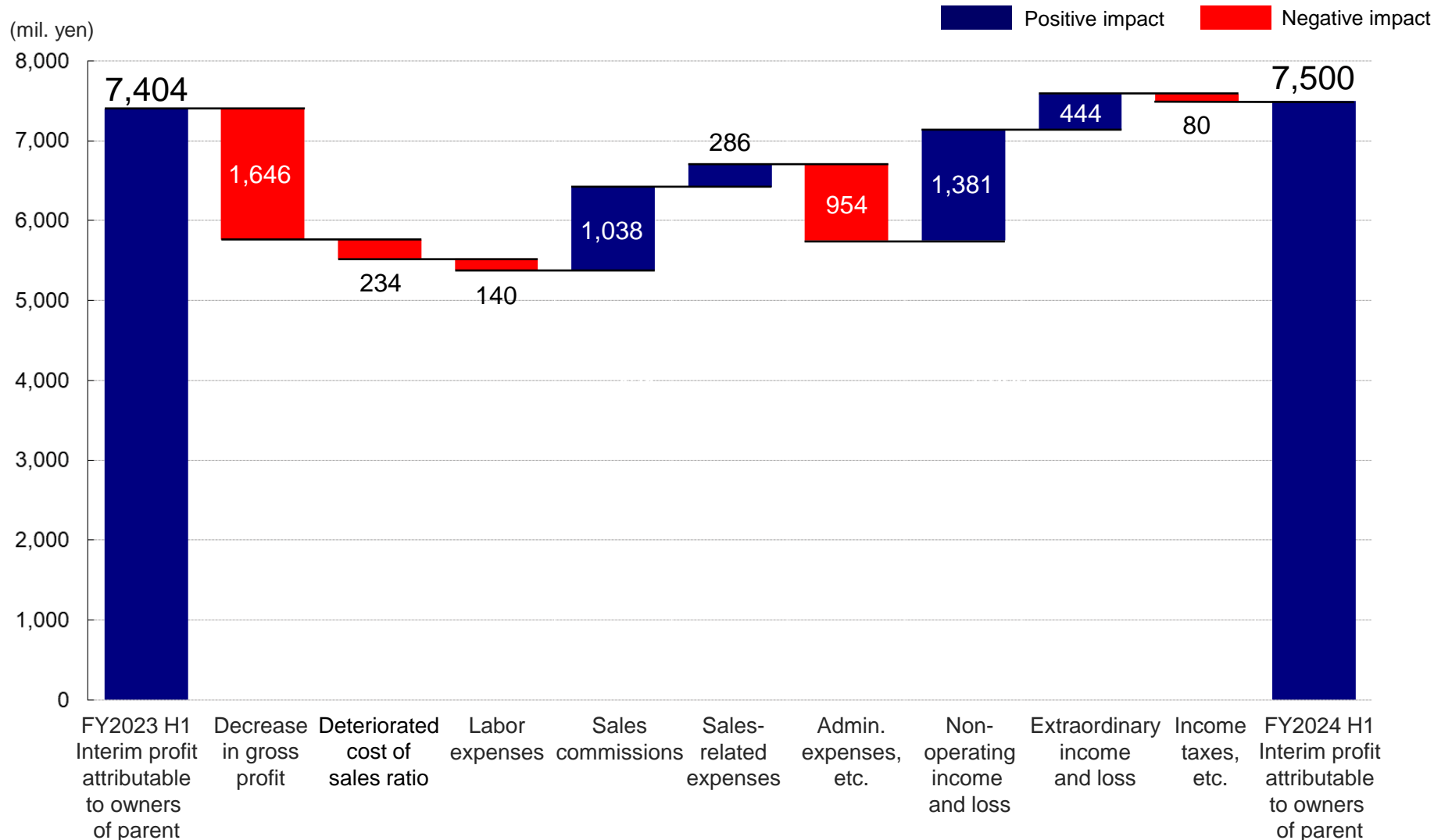
| (mil. yen)   | FY2023     | FY2024     | YoY Change |         |
|--|------------|------------|------------|---------|
|  | H1 Results | H1 Results | Amount     | %       |
| Operating income   | 8,966      | 7,316      | (1,649)    | (18.4%) |
| Non-operating income                                     | 2,560      | 3,979      | 1,418      | 55.4%   |
| Non-operating expenses                                   | 137        | 174        | 37         | 27.4%   |
| Ordinary income  | 11,389     | 11,121     | (268)      | (2.4%)  |
| Extraordinary income                                     | 376        | -          | (376)      | -       |
| Extraordinary losses                                     | 1,046      | 225        | (821)      | (78.5%) |
| Interim net income before income taxes                   | 10,720     | 10,896     | 175        | 1.6%    |
| Income taxes etc.  | 3,275      | 3,374      | 98         | 3.0%    |
| Interim profit attributable to non-controlling interests | 40         | 21         | (18)       | (46.2%) |
| Interim profit attributable to owners of parent          | 7,404      | 7,500      | 95         | 1.3%    |

### Key Factors

- Non-operating income Foreign exchange gains of ¥3,582 mil.
- Extraordinary losses Recorded ¥589 mil. in extraordinary losses in the same period of FY2023 due to the liquidation of Amplitude and ITRIM.

# Factors Impacting Interim Profit Attributable to Owners of Parent

Despite a decrease in gross profit due to lower revenue, interim profit attributable to owners of parent increased by ¥95 mil. YoY due to the impact of foreign exchange rates.



1. Highlights of Consolidated Performance
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| (mil. yen)             | FY2023     | FY2024     | YoY Change |         |
|------------------------|------------|------------|------------|---------|
|                        | H1 Results | H1 Results | Amount     | %       |
| Consolidated net sales | 85,836     | 83,836     | (2,000)    | (2.3%)  |
| Beauty care            | 83,529     | 81,322     | (2,207)    | (2.6%)  |
| Real estate            | 1,036      | 995        | (40)       | (3.9%)  |
| Others                 | 1,270      | 1,518      | 247        | 19.5%   |
| Operating income       | 8,966      | 7,316      | (1,649)    | (18.4%) |
| Beauty care            | 8,713      | 7,890      | (823)      | (9.5%)  |
| Real estate            | 277        | 0          | (277)      | (99.9%) |
| Others                 | 30         | 141        | 110        | 359.3%  |
| Reconciliations        | (55)       | (714)      | (659)      | -       |

## Segment Results Summary

- Beauty care Net sales decreased, mainly due to a decline in revenue from the POLA, and the resulting decrease in gross profit led to a decline in operating income.



## Beauty Care Business Results by Brands

| (mil. yen)                   | FY2023     | FY2024     | YoY Change |         |
|------------------------------|------------|------------|------------|---------|
|                              | H1 Results | H1 Results | Amount     | %       |
| Beauty care net sales        | 83,529     | 81,322     | (2,207)    | (2.6%)  |
| POLA                         | 49,763     | 45,966     | (3,796)    | (7.6%)  |
| ORBIS                        | 20,902     | 23,992     | 3,090      | 14.8%   |
| Jurlique                     | 3,838      | 4,100      | 261        | 6.8%    |
| Brands under development     | 8,350      | 7,262      | (1,087)    | (13.0%) |
| Beauty care operating income | 8,713      | 7,890      | (823)      | (9.5%)  |
| POLA                         | 7,012      | 5,245      | (1,767)    | (25.2%) |
| ORBIS                        | 3,127      | 4,518      | 1,391      | 44.5%   |
| Jurlique                     | (1,083)    | (1,574)    | (490)      | -       |
| Brands under development     | (428)      | (299)      | 128        | -       |

Note: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

Totals for the beauty care business in FY2023 include results for the H2O PLUS brand (liquidation completed in December 2023).

### H1 Result

- New customer acquisitions were on an improving trend in the consignment sales channel.
- Maintained double-digit revenue growth in department stores by strengthening beauty counseling pivot on new products.
- For Chinese business, revenue from the stores providing aesthetic treatment increased in the second quarter, but the business environment remains adverse.

| H1                                  | Results (mil. yen)  | YoY Change               |
|-------------------------------------|---|--------------------------|
| Net sales                           | 45,966  | (7.6%)                   |
| Operating income                    | 5,245   | (25.2%)                  |
| Key indicators                      |   |                          |
| Sales ratio                         | Domestic  | 83.3%                    |
|                                     | Consignment sales   | 59.8%                    |
|                                     | E-commerce  | 7.0%                     |
|                                     | Dept. store, B2B <sup>(1)</sup> etc.                                    | 16.5%                    |
|                                     | Overseas  | 16.7%                    |
| Sales growth <sup>(2)</sup>         | Domestic  | down 6.3%                |
|                                     | Consignment sales   | down 11.1%               |
|                                     | E-commerce  | down 0.7%                |
|                                     | Dept. store, B2B etc.   | up 13.5%                 |
|                                     | Overseas  | down 14.0%               |
| Domestic business                   | Purchase per customer <sup>(2)</sup> /<br># of customers <sup>(2)</sup> | down 5.0% /<br>down 4.8% |
| # of stores domestic <sup>(3)</sup> |   | 2,598 (down 68)          |
| # of stores overseas <sup>(3)</sup> |   | 158 (down 4)             |

(1) Hotel amenities business (2) YoY basis (3) vs Dec. 2023

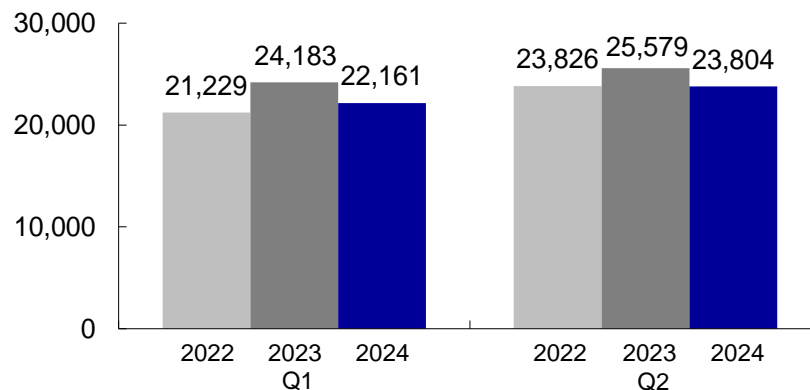
### Topics

- Our new products performed strongly, receiving multiple best cosmetics awards.

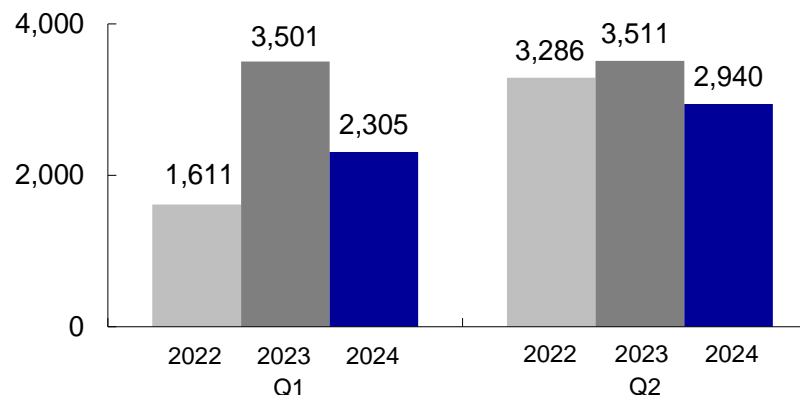
(Left) POLA B.A LIGHT SELECTOR  
(Right) POLA WHITE SHOT FACIAL SERUM



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



### H1 Result

- Customer numbers increased for both new and existing customers in the direct selling channel, and both revenue and income continued to grow.
- The highly functional, high price range products such as *ORBIS U.* and *ORBIS WRINKLE BRIGHT UV PROTECTOR* grew substantially, contributing to the rise in purchase per customer.
- ORBIS' external channels remained strong, maintaining a high growth rate.

| H1  | Results (mil. yen)            | YoY Change |
|---|-------------------------------|------------|
| Net sales   | 23,992                        | 14.8%      |
| Operating income                                    | 4,518                         | 44.5%      |
| Key indicators                                      |                               |            |
| Sales ratio   | Domestic                      | 96.8%      |
|   | Direct selling <sup>(1)</sup> | 81.4%      |
|   | External channels etc.        | 15.4%      |
|   | Overseas                      | 3.2%       |
| Sales growth <sup>(2)</sup>                         | Domestic                      | up 17.0%   |
|   | Direct selling                | up 9.2%    |
|   | External channels etc.        | up 88.7%   |
|   | Overseas                      | down 26.9% |
| Direct selling purchase per customer <sup>(2)</sup> |                               | up 4.1%    |
| Number of direct selling customers <sup>(2)</sup>   |                               | up 5.0%    |

(1) Total of in-house mail-order (e-commerce and catalog) and directly-operated stores sales

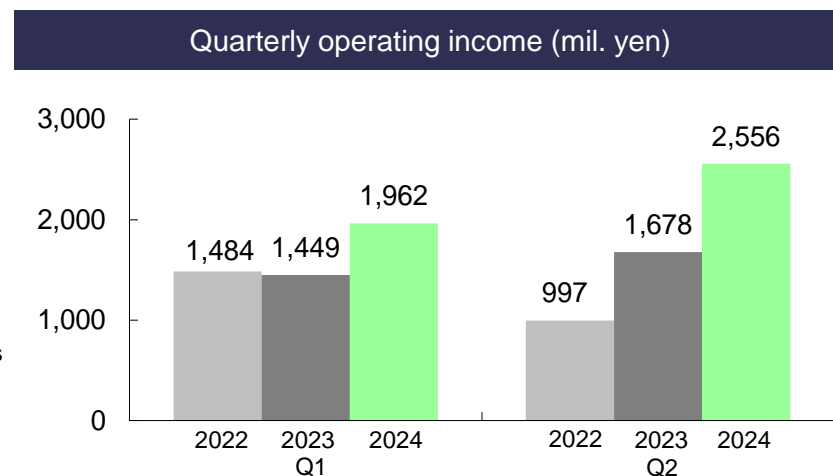
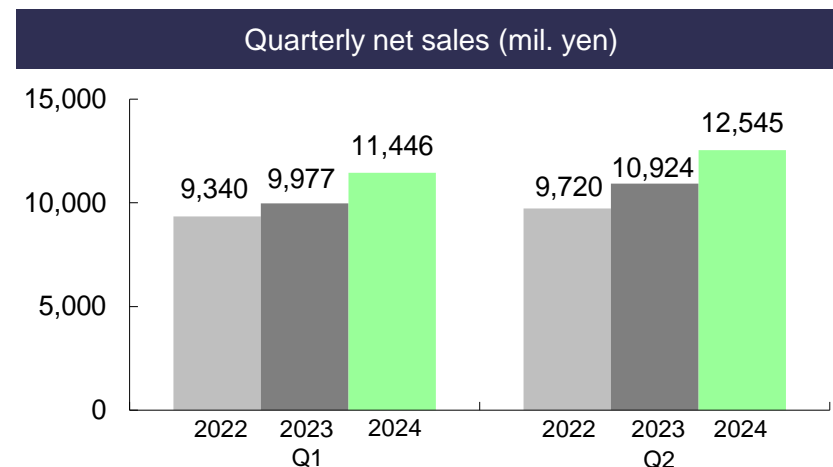
(2) YoY basis

### Topics

- Launch of a limited-edition large size from the popular UV product (April); revenue growth of over 40% YoY.



ORBIS WRINKLE BRIGHT UV PROTECTOR



### H1 Result

- Despite a struggle in mainland China and Hong Kong, we focused on customer acquisition centered on new products in Australia, leading to growth.
- An increase in SG&A expenses aimed at expanding new product sales prevented amelioration of losses.

| H1                              | Results (mil. yen) | YoY Change |
|---------------------------------|--------------------|------------|
| Net sales                       | 4,100              | 6.8%       |
| Operating income <sup>(1)</sup> | (1,574)            | (490)      |
| Key indicators                  |                    |            |
| Sales ratio                     | Australia          | 21.6%      |
|                                 | Mainland China     | 34.4%      |
|                                 | Hong Kong          | 11.0%      |
|                                 | Duty free          | 16.4%      |
| Sales growth <sup>(2)</sup>     | Australia          | up 11.2%   |
|                                 | Mainland China     | down 13.7% |
|                                 | Hong Kong          | down 22.3% |
|                                 | Duty free          | up 25.6%   |

(1) The YoY change is shown as the amount (mil. yen)

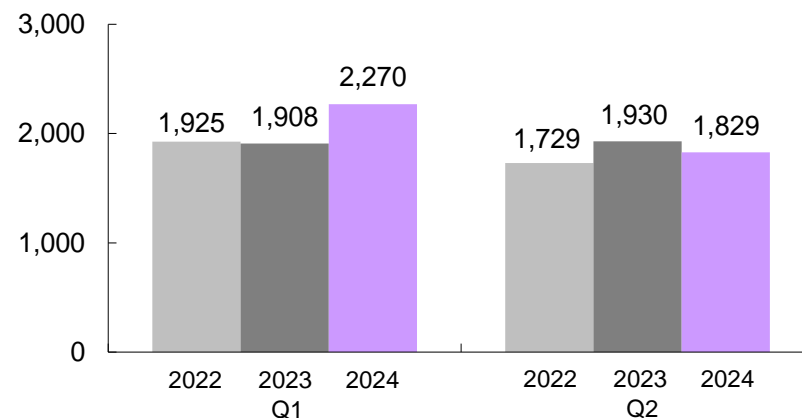
(2) AUD basis, YoY

### Topics

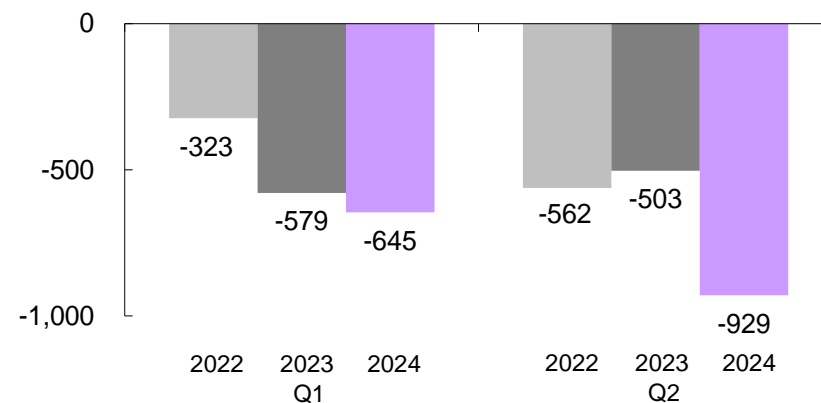
- Domestic launch of the *HERBAL RECOVERY* series, condensing the blessings of herbs and flowers (June).



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



## H1 Result

- THREE promoted the acquisition of repeat customers through a holistic approach centered on products such as the *BALANCING* series.
- DECENCIA strengthened its cross-selling proposals and continued its strong performance.
- Excluding the impact of the liquidation of the Amplitude and ITRIM brands, overall net sales of brands under development were in line with the same period in the previous year.

| H1                              | Results (mil. yen) | YoY Change |
|---------------------------------|--------------------|------------|
| Net sales                       | 7,262              | (13.0%)    |
| Operating income <sup>(1)</sup> | (299)              | 128        |
| THREE Net sales                 | 2,554              | (8.1%)     |
| THREE OP income <sup>(1)</sup>  | (458)              | (20)       |
| DECENCIA Net sales              | 2,673              | 12.9%      |
| DECENCIA OP income              | 303                | 140.3%     |

### Key indicators

#### THREE

|                             |          |            |
|-----------------------------|----------|------------|
| Sales ratio                 | Domestic | 81.3%      |
|                             | Overseas | 18.7%      |
| Sales growth <sup>(2)</sup> | Domestic | down 3.2%  |
|                             | Overseas | down 24.7% |

(1) The YoY change is shown as the amount (mil. yen)

(2) YoY basis

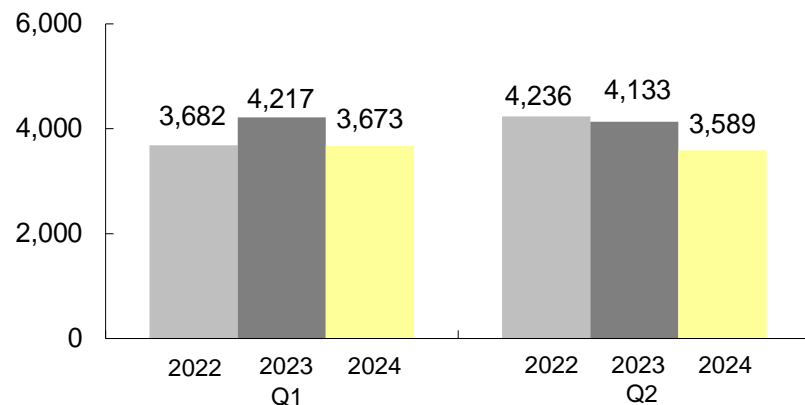
## Topics

- Launched a new cleansing balm from THREE's *BALANCING* series (May).

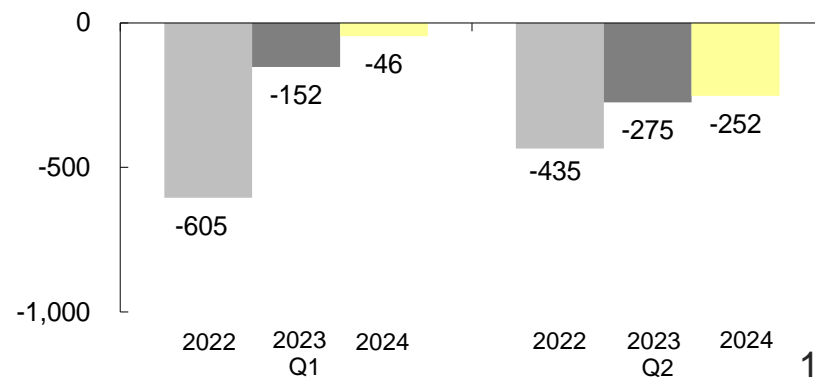


THREE Balancing Cleansing Balm

### Quarterly net sales (mil. yen)



### Quarterly operating income (mil. yen)



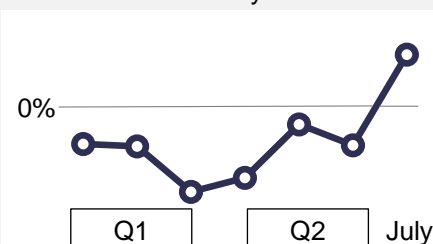
1. Highlights of Consolidated Performance
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## POLA

### Domestic Business

- Launch the new *APEX* and renew the skin analysis system (July).
  - Acquire new customers and encourage existing customers to visit stores through the introduction of new skin analysis services.
  - Boost customer retention rate and promote higher purchase per customer and more items purchased by strengthening customer engagement through beauty counseling.
- Use skin analysis and best cosmetics award-winning new products as hooks to expand customer contact points. Achieved an upturn in POLA's domestic monthly net sales in July.
- Launch *B.A GRANDLUXE O* from the *B.A* series premium line, *B.A GRANDLUXE* (October).
  - Introduce the first-ever cream of *B.A GRANDLUXE*, expanding our product lineup in this premium line.
  - Raise our presence in high prestige cosmetics markets, primarily in Japan and mainland China, aiming to boost *B.A*'s brand presence.
- Plan to open multiple stores featuring our new salon model by the end of June 2025, progressively developing specialized aesthetic treatment options.

(Reference) POLA YoY Change in Domestic Monthly Net Sales



POLA B.A GRANDLUXE O

### Overseas Business

- Our marketing strategy is to focus on high prestige customers.
  - Promote greater customer loyalty through special events for VIP customers etc.
- Change customer strategy and revise the store opening strategy to improve profitability.



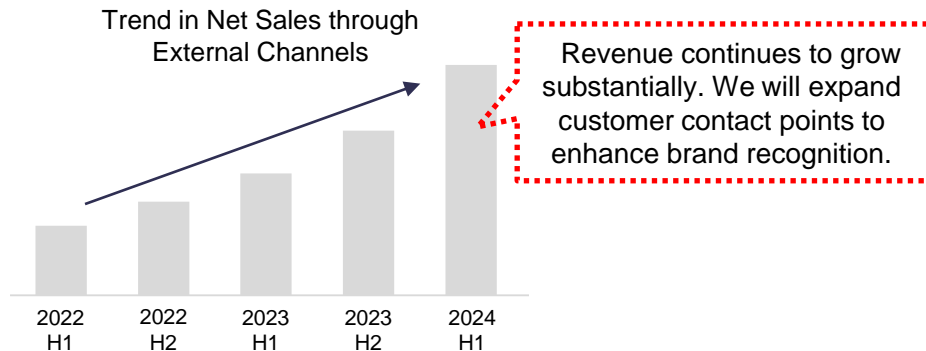
## ORBIS

### Domestic Business

- Expand the top line by continuing to introduce new products focused on high value-added type.
  - Launch the first liquid foundation in the *ORBIS U* series (September) and aim to boost lifetime value (LTV) by cross-selling the *ORBIS U* skincare series.
- Strengthen external sales channels, which we have positioned as new growth drivers.



(Left) *ORBIS U* series  
(Right) *ORBIS U COLOR SKINCARE MASK FOUNDATION*



(Left) LOOK, Sun Station Terrace Fukuyama store  
(Right) @cosme OSAKA

## Jurlique

- Promote new customer acquisition pivot on major skincare products including the *HERBAL RECOVERY* series and face oil.
- Implement thorough cost controls to achieve profitability next fiscal year.



*HERBAL RECOVERY* series



## THREE

- Appeal to customers with essential oils to develop sales promotions with an added experiential element.
  - Establish the open laboratory AROMARIUM THREE, featuring a lineup of made-in-Japan essential oils, at the THREE HIBIYA concept shop (July).



AROMARIUM THREE

## DECENCIA

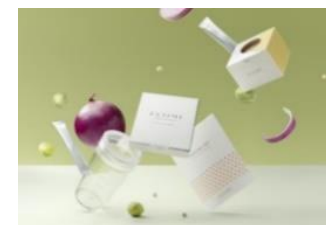
- Maintain the revenue growth trend through new customer retention and cross-selling for LTV enhancement.
- Open a new corner at an @cosme store to expand brand recognition (June).
- Introduce online counseling (July) and enhance engagement with customers.



DECENCIA counseling website

## FUJIMI

- Launch new products in the strongly performing personalized protein line and strive to improve LTV.



FUJIMI FASTING SET

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## Forecasts for Fiscal 2024 (Revised)

Forecasts have been revised downward for POLA but upward for ORBIS.  
We aim for an increase in consolidated revenue and income in the second half of the fiscal year.

| (mil. yen)                              | FY2024<br>H1 Results | YoY Change |         | FY2024<br>Full-year plan | Vs. Initial<br>Plan | YoY Change |         |
|---|----------------------|------------|---------|--------------------------|---------------------|------------|---------|
|   |                      | Amount     | %       |                          |                     | Amount     | %       |
| Consol. net sales                       | 83,836               | (2,000)    | (2.3%)  | 173,500                  | (5,500)             | 195        | 0.1%    |
| Beauty care                             | 81,322               | (2,207)    | (2.6%)  | 168,500                  | (5,500)             | 22         | 0.0%    |
| Real estate                             | 995                  | (40)       | (3.9%)  | 2,250                    | -                   | 171        | 8.3%    |
| Others                                  | 1,518                | 247        | 19.5%   | 2,750                    | -                   | 1          | 0.1%    |
| OP income                               | 7,316                | (1,649)    | (18.4%) | 14,500                   | (3,400)             | (1,580)    | (9.8%)  |
| Beauty care                             | 7,890                | (823)      | (9.5%)  | 16,250                   | (3,400)             | (104)      | (0.6%)  |
| Real estate                             | 0                    | (277)      | (99.9%) | (50)                     | -                   | (490)      | -       |
| Others                                  | 141                  | 110        | 359.3%  | 100                      | -                   | (49)       | (33.2%) |
| Reconciliations                         | (714)                | (659)      | -       | (1,800)                  | -                   | (936)      | -       |
| Ordinary income                         | 11,121               | (268)      | (2.4%)  | 17,900                   | -                   | (569)      | (3.1%)  |
| Profit attributable to owners of parent | 7,500                | 95         | 1.3%    | 11,600                   | -                   | 1,934      | 20.0%   |

Initial assumed exchange rates: 1.00 AUD = 93.0 JPY (PY 93.33) 1.00 CNY = 19.7 JPY (PY 19.82)

|                     | FY2023                                   | FY2024 (plan) *Dividend forecasts are unchanged                     |
|---------------------|--|---|
| Shareholder returns | Annual ¥52 (consol. payout ratio 119.0%) | Annual ¥52 (interim ¥21, year-end ¥31) (consol. payout ratio 99.2%) |
| Capital investment  | ¥17,478 mil.                             | ¥13,000 mil. - ¥14,000 mil.   |
| Depreciation        | ¥7,712 mil.                              | ¥8,000 mil. - ¥9,000 mil.   |

## Forecasts for Fiscal 2024 (Revised)

| (mil. yen)                              | FY2024<br>H1 Results | YoY Change |         | FY2024<br>Full-year plan | Vs. Initial<br>Plan | YoY Change |        |
|---|----------------------|------------|---------|--------------------------|---------------------|------------|--------|
|   |                      | Amount     | %       |                          |                     | Amount     | %      |
| Consolidated net sales                  | 83,836               | (2,000)    | (2.3%)  | 173,500                  | (5,500)             | 195        | 0.1%   |
| Operating income                        | 7,316                | (1,649)    | (18.4%) | 14,500                   | (3,400)             | (1,580)    | (9.8%) |
| Ordinary income                         | 11,121               | (268)      | (2.4%)  | 17,900                   | -                   | (569)      | (3.1%) |
| Profit attributable to owners of parent | 7,500                | 95         | 1.3%    | 11,600                   | -                   | 1,934      | 20.0%  |

### Net sales

- POLA vs. initial plan down ¥7,000 mil.
  - Domestic: Results in the consignment sales channel were lower than anticipated. We will expand customer contact points in the second half, raising LTV and bringing about an upturn in revenue.
  - Overseas: The revision incorporates the continuation of a difficult business environment in mainland China. We will improve the earnings structure by shrinking unprofitable stores, using these funds to invest in growth businesses in the ASEAN region.
- ORBIS vs. initial plan up ¥2,500 mil.
  - We aim to maintain the strong performance, targeting further top line growth.

### Operating income

- POLA vs. initial plan down ¥3,600 mil.
- ORBIS vs. initial plan up ¥900 mil.

### Ordinary income / Profit

- Reflect the foreign exchange gains in the first half.

## Appendices

## (Appendix) Quarterly Segment Results

### ■ Net sales

| (mil. yen)             | FY2024 Jan.–Mar. |            | FY2024 Apr.–Jun. |            | FY2024 Jul.–Sep. |            | FY2024 Oct.–Dec. |            |
|------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                        | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change |
| Consolidated net sales | 40,886           | (3.0%)     | 42,949           | (1.7%)     | -                | -          | -                | -          |
| Beauty care            | 39,552           | (3.4%)     | 41,770           | (1.9%)     | -                | -          | -                | -          |
| Real estate            | 499              | (3.7%)     | 496              | (4.2%)     | -                | -          | -                | -          |
| Others                 | 834              | 25.2%      | 683              | 13.2%      | -                | -          | -                | -          |

### ■ Operating income

| (mil. yen)                    | FY2024 Jan.–Mar. |            | FY2024 Apr.–Jun. |            | FY2024 Jul.–Sep. |            | FY2024 Oct.–Dec. |            |
|-------------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                               | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change |
| Consolidated operating income | 3,357            | (26.2%)    | 3,959            | (10.4%)    | -                | -          | -                | -          |
| Beauty care                   | 3,575            | (18.0%)    | 4,314            | (0.9%)     | -                | -          | -                | -          |
| Real estate                   | 52               | (67.4%)    | (52)             | (168)      | -                | -          | -                | -          |
| Others                        | 51               | 49         | 89               | 212.6%     | -                | -          | -                | -          |
| Reconciliations               | (322)            | (348)      | (392)            | (311)      | -                | -          | -                | -          |

Note: Where operating income (current or previous year) is negative or the YoY change exceeds 1,000%, YoY change is shown as the amount (mil. yen).

# (Appendix) Quarterly Beauty Care Business Results by Brands

## ■ Net sales

| (mil. yen)               | FY2024 Jan.–Mar. |            | FY2024 Apr.–Jun. |            | FY2024 Jul.–Sep. |            | FY2024 Oct.–Dec. |            |
|--------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                          | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change |
| Beauty care net sales    | 39,552           | (3.4%)     | 41,770           | (1.9%)     | -                | -          | -                | -          |
| POLA                     | 22,161           | (8.4%)     | 23,804           | (6.9%)     | -                | -          | -                | -          |
| ORBIS                    | 11,446           | 14.7%      | 12,545           | 14.8%      | -                | -          | -                | -          |
| Jurlique                 | 2,270            | 19.0%      | 1,829            | (5.2%)     | -                | -          | -                | -          |
| Brands under development | 3,673            | (12.9%)    | 3,589            | (13.2%)    | -                | -          | -                | -          |

## ■ Operating income

| (mil. yen)                   | FY2024 Jan.–Mar. |            | FY2024 Apr.–Jun. |            | FY2024 Jul.–Sep. |            | FY2024 Oct.–Dec. |            |
|------------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                              | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change | Results          | YoY Change |
| Beauty care operating income | 3,575            | (18.0%)    | 4,314            | (0.9%)     | -                | -          | -                | -          |
| POLA                         | 2,305            | (34.2%)    | 2,940            | (16.3%)    | -                | -          | -                | -          |
| ORBIS                        | 1,962            | 35.4%      | 2,556            | 52.3%      | -                | -          | -                | -          |
| Jurlique                     | (645)            | (65)       | (929)            | (425)      | -                | -          | -                | -          |
| Brands under development     | (46)             | 105        | (252)            | 23         | -                | -          | -                | -          |

Note: Where operating income (current or previous year) is negative or the YoY change exceeds 1,000%, YoY change is shown as the amount (mil. yen). Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

# (Appendix) Beauty Care Business Results for FY2021–FY2023 by Brands

| (mil. yen)                   | FY2021<br>Results<br>(recalculated under the<br>2022 standard) | FY2022<br>Results | FY2023<br>Results | FY2022–FY2023<br>YoY Change |        |
|------------------------------|--|-------------------|-------------------|-----------------------------|--------|
|                              |  |                   |                   | Amount                      | %      |
| Consolidated net sales       | 174,896  | 166,307           | 173,304           | 6,996                       | 4.2%   |
| Beauty care net sales        | 170,403  | 161,654           | 168,477           | 6,822                       | 4.2%   |
| POLA                         | 105,769  | 96,371            | 98,499            | 2,127                       | 2.2%   |
| ORBIS                        | 39,071   | 38,417            | 42,874            | 4,457                       | 11.6%  |
| Jurlique                     | 7,940  | 8,388             | 9,032             | 644                         | 7.7%   |
| Brands under development     | 16,505   | 16,892            | 17,368            | 475                         | 2.8%   |
| Consol. operating income     | 15,582   | 12,581            | 16,080            | 3,499                       | 27.8%  |
| Beauty care operating income | 15,754   | 13,793            | 16,354            | 2,561                       | 18.6%  |
| POLA                         | 15,144   | 12,495            | 11,555            | (940)                       | (7.5%) |
| ORBIS                        | 5,965  | 4,850             | 6,340             | 1,490                       | 30.7%  |
| Jurlique                     | (1,542)  | (1,266)           | (1,350)           | (84)                        | -      |
| Brands under development     | (3,011)  | (2,105)           | (298)             | 1,807                       | -      |

Note : Consolidated operating income and loss for each brand are shown for reference purpose only (unaudited).

Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited).

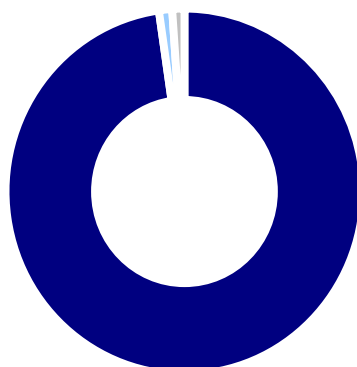
Totals for the beauty care business include results for the H2O PLUS brand (liquidation completed in December 2023).



Beauty care is the core business of the Group, and six different cosmetics brands are operated under the Group umbrella.

FY2023

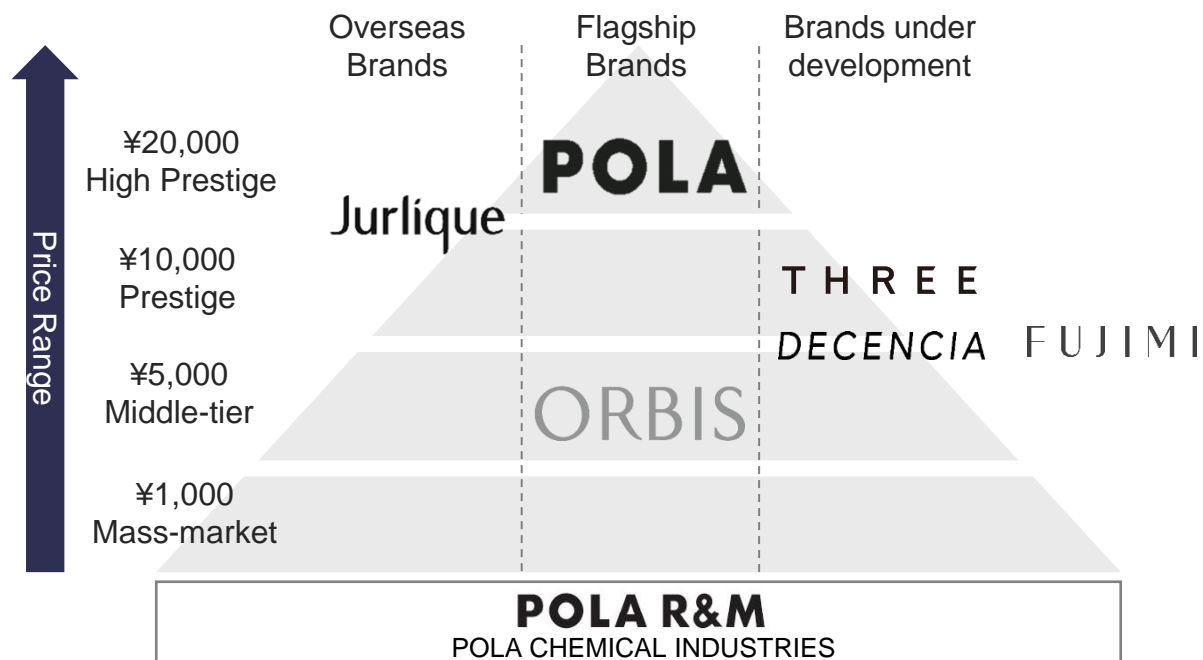
Consol. Net Sales  
¥173.3 bil.



Beauty care business 97%

Real estate business 1%

Other businesses 2%  
(building maintenance business)



## Our strengths

- Multi-brand strategy
- Focus on skincare products
- Flagship brands, POLA and ORBIS own and operate through their own unique sales channels
- Meeting diversified needs of customers
- High customer repeat ratio
- Strong relationships with customers

# (Appendix) Beauty Care Business Brand Portfolio

|                          | Sales ratio* | Brand                               | Concept and products  | Price                     | Main sales channel   |
|--------------------------|--------------|-------------------------------------|---|---------------------------|--|
| Flagship brands          | 59%          | <b>POLA</b><br>Since 1929           | <ul style="list-style-type: none"> <li>■ High-prestige skincare</li> <li>■ Leading-edge technology in aging-care and skin-brightening fields</li> </ul> | Approx. ¥10,000 or higher | <ul style="list-style-type: none"> <li>■ Japan: Consignment sales, department stores, e-commerce and retail stores</li> <li>■ Overseas: Department stores, directly-operated stores, duty free stores, e-commerce and cross-border e-commerce</li> </ul> |
|                          | 25%          | <b>ORBIS</b><br>Since 1984          | <ul style="list-style-type: none"> <li>■ Aging-care brand to draw out people's intrinsic beauty</li> </ul>  | Approx. ¥2,000-¥5,000     | <ul style="list-style-type: none"> <li>■ Japan: Mail-order (e-commerce and catalog), directly-operated stores and retail stores</li> <li>■ Overseas: E-commerce, cross-border e-commerce, duty free stores, and retail stores</li> </ul>                 |
| Overseas Brands          | 6%           | <b>Jurlique</b><br>Acquired in 2012 | <ul style="list-style-type: none"> <li>■ Premium natural skincare brand from Australia</li> </ul>   | Approx. ¥5,000 or higher  | <ul style="list-style-type: none"> <li>■ Australia: Department stores, directly-operated stores and e-commerce</li> <li>■ Overseas: Department stores, directly-operated stores, duty free stores, e-commerce and cross-border e-commerce</li> </ul>     |
| Brands under development |              | <b>T H R E E</b><br>Since 2009      | <ul style="list-style-type: none"> <li>■ Skincare made with natural ingredients from Japan and fashion-forward make-up</li> </ul>                       | Approx. ¥5,000 or higher  | <ul style="list-style-type: none"> <li>■ Japan: Department stores, directly-operated stores and e-commerce</li> <li>■ Overseas: Department stores, duty free stores, e-commerce and cross-border e-commerce</li> </ul>                                   |
|                          | 10%          | <b>DECENCIA</b><br>Since 2007       | <ul style="list-style-type: none"> <li>■ Skincare for sensitive skin</li> </ul>   | Approx. ¥5,000-¥10,000    | <ul style="list-style-type: none"> <li>■ Japan: E-commerce</li> <li>■ Overseas: Cross-border e-commerce</li> </ul>   |
|                          |              | <b>FUJIMI</b><br>Acquired in 2021   | <ul style="list-style-type: none"> <li>■ Personalized beauty care brand operated by tricot, Inc.</li> </ul>   | Approx. ¥6,000-¥10,000    | <ul style="list-style-type: none"> <li>■ Japan: E-commerce</li> </ul>  |

\*Sales ratio in the beauty care business as of FY2023. Brands under development includes OEM business.

## 【Enhancing Capital Profitability】

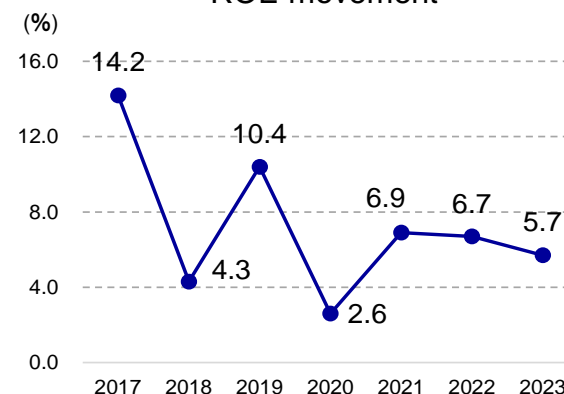
Return on equity (ROE) has been declining due to the decrease in profit. Under the new Medium-term Management Plan, we aim to achieve ROE of at least 10% by 2026 through capital profitability enhancement founded on stable and sustainable business growth.

## Initiatives to achieve the ROE targets

|     | FY2023 Result | 2026 Target   | 2029 Target   |
|-----|---------------|---------------|---------------|
| ROE | 5.7%          | 10% or higher | 14% or higher |

- Swifter decisions to discontinue unprofitable businesses and brands
- Shareholder returns through stable dividends
- Greater balance sheet efficiency
- Strategic investment to achieve sustainable growth

ROE movement

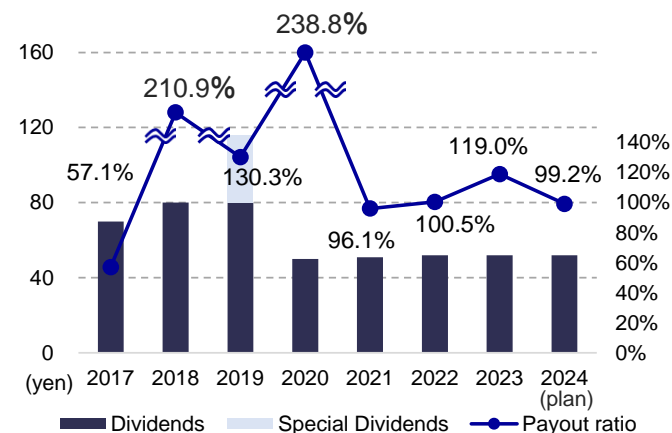


## Improvement of Shareholder Return

- With a policy of consolidated payout ratio of **60% or higher**, aim for steady increases in dividends, in line with profitable growth.
- Purchases of treasury stock shall be considered based on our investment strategies, as well as market prices and liquidity of the Company's shares.

### Dividends forecast for FY2024:

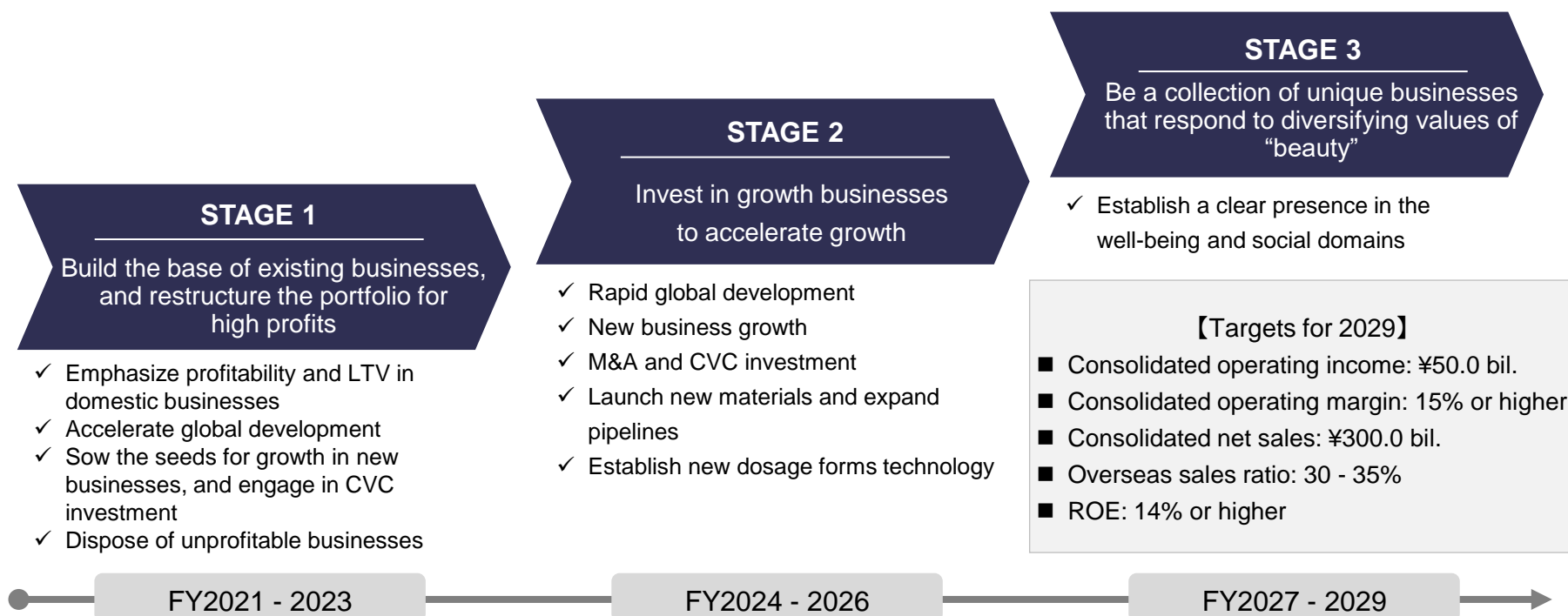
- Dividend per share : **¥52** (interim ¥21, year-end ¥31)
- Consol. payout ratio : 99.2%



## VISION 2029

A collection of unique businesses that respond to diversifying values of “beauty”

|                  |   |
|------------------|---|
| Basic strategy 1 | Develop the cosmetics business globally; reform and enhance the brand portfolio |
| Basic strategy 2 | Create new value and expand business domains                                    |
| Basic strategy 3 | Strengthen research and technical strategy                                      |





## Management Indicators for 2026

|                               |                                       |                      |  |
|-------------------------------|---------------------------------------|----------------------|--|
| Consolidated Net Sales        | ¥200.0 bil.<br>CAGR approx. <b>5%</b> | Domestic Net Sales   | CAGR approx. <b>4%</b>                         |
|                               |                                       | Overseas Net Sales   | CAGR approx. <b>12%</b>                        |
|                               |                                       | Overseas Sales Ratio | <b>20%</b>                                     |
| Consolidated Operating Income | Operating margin <b>12-13%</b>        |                      |  |
| Capital Efficiency            | ROE <b>10%</b> or higher              | Shareholder Returns  | Consolidated payout ratio <b>60%</b> or higher |

## 4 Business Growth Strategies

|                   |   |
|-------------------|---|
| Strategy <b>1</b> | Strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability |
| Strategy <b>2</b> | Further grow the overseas business and establish business bases in new markets                                |
| Strategy <b>3</b> | Achieve profitability through growth in brands under development, contributing to sustainable earnings        |
| Strategy <b>4</b> | Enhance the brand portfolio and expand business domains   |

## Sustainably Strengthen Management Foundations

|                   |  |                   |   |
|-------------------|--|-------------------|---|
| Strategy <b>5</b> | Strengthen R&D capabilities for new value creation | Strategy <b>6</b> | Strengthen sustainability combining the resolution of social issues with uniqueness |
|-------------------|--|-------------------|---|